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LAM SOON EDIBLE SDN BHD

v.

HUP SENG PERUSAHAAN MAKANAN (M) SDN BHD

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HIGH COURT MALAYA, KUALA LUMPUR
AZAHAR MOHAMED J
[ORIGINATING MOTION NO: D5 (IP)-25-7-2009]
9 FEBRUARY 2010

C ***TRADE MARKS:*** *Registered trade mark - Expungement, application for - Whether applicant a "person aggrieved" - Whether there was non-use in good faith of trade mark for continuous period of time - Trade Marks Act 1976, ss. 45, 46(1)*

D ***EVIDENCE:*** *Documentary evidence - Admissibility of - Reports derived from survey evidence - Whether complied with "minimum criteria" governing admissibility of such evidence*

This was the applicant's application for the respondent's trade mark, "NATURELL" in Class 30, to be expunged and removed from the
E Registrar of Trade Marks pursuant to ss. 45 and/or 46 of the Trade Marks Act 1976 ('Act'). The applicant was the owner of the trade mark "NATUREL" included in Class 29 products within the applicant's range of products. The applicant was unsuccessful in its attempt to extend and market the use of its trade mark to include
F Class 30 products when its application to register the "Naturel & Device" trade mark was objected to, *inter alia*, on the basis that the mark was identical or confusingly similar to the respondent's trade mark and, as such, contrary to ss. 14(1)(a), 19(1) and (2) of the Act. The issues to be considered were: (i) whether the applicant
G was a "person aggrieved" within the meaning of s. 46(1) of the Act; and (ii) whether there was in fact non-use by the respondent of its trade mark in good faith in relation to the respondent's goods under the Class 30 range of products for a continuous period of not less than three years.

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Held (dismissing the application with costs):

(1) The applicant had a registered mark "NATUREL" which it had used substantially in Class 29 products. There was good will in
I the applicant's Class 29 "NATUREL" mark. With the intention to market different products using its "NATUREL" mark, the

applicant had embarked on registering its intended mark in Class 30. The applicant had taken preparatory steps and made the application to register the intended mark. Thus, the applicant was clearly an aggrieved person as it was substantially interested in having the respondent's trade mark removed. *McLaren International Limited v. Lim Yat Meen* (dist). (para 9)

(2) The onus was on the applicant to establish a *prima facie* case of non-use of the respondent's trade mark in Malaysia before the evidential burden shifted to the respondent to adduce evidence of such use. The reports (derived from survey evidence) relied on by the applicant to establish the respondent's non-use of its trade mark were not reliable on the ground that the applicant had failed to show that the reports complied with the "minimum criteria" governing admissibility of such evidence. On the evidence and facts of the case, the applicant had failed to establish a *prima facie* case of non-use in good faith of the respondent's trade mark in Malaysia. In such circumstances, the present application must be dismissed without requiring the respondent to adduce evidence of use. In any event, the respondent had, on the facts, adduced sufficient evidence to show that there was use in good faith of its trade mark during the relevant period in question. *Lim Yew Sing v. Hummel International Sports & Leisure A/S* (foll); *Imperial Group plc & Anor v. Philip Morris Ltd & Anor* (foll); *E-Toyo Global Stationary Sdn Bhd v. Toyo Ink Sdn Bhd & Anor* (foll); *"Hermes" Trade Mark* (foll); *New South Wales Dairy Corporation v. Murray Goulburn Co-operative Company Ltd and Another* (foll). (paras 10, 11, 15 & 16)

Case(s) referred to:

E-Toyo Global Stationary Sdn Bhd v. Toyo Ink Sdn Bhd & Anor [2004] 7 CLJ 368 HC ***(foll)***

HERMES Trade Marks [1982] RPC 425 ***(foll)***

Imperial Group PLC & Another v. Philip Morris Limited & Another [1984] RPC 293 ***(foll)***

Lim Yew Sing v. Hummel International Sports & Leisure A/S [1996] 4 CLJ 784 CA ***(foll)***

McLaren International Limited v. Lim Yat Meen [2009] 4 CLJ 749 HC ***(dist)***

New South Wales Dairy Corporation v. Murray Goulburn Co-Operative Company Ltd and Another [1988-1989] 14 IPR 26 ***(foll)***

NV Sumatra Tobacco Trading Co v. Nanyang Brothers Tobacco Co Ltd [2001] 1 SLR 197 ***(refd)***

Legislation referred to:
Trade Marks Act 1976, ss. 3(1), (2), 14(1)(a), 19(1), (2), 45, 46(1)(b)

Trade Marks Act 1955 [Aust], ss. 6(1), (2)

For the applicant - HL Yau (Josephie Sui, Abigail Lai & Harjinder Kaur with him); M/s Shahrizat Rashid & Lee
For the respondent - Michael Seo (Olivia Khoo with him); M/s Shook Lin & Bok

Reported by Suresh Nathan

JUDGMENT

Azahar Mohamed J:

[1] This is the applicant's application that the Malaysian Trade Mark Registration No. 97012526 for "NATURELL" in Class 30 be expunged and removed from the Register of Trade Marks, pursuant to ss. 45 and/or 46 of the Trade Marks Act 1976 (the Act).

[2] The applicant is in the business of processing and refining of palm oil, manufacturing, distributing, supplying, selling and offering for supply various consumer goods in Malaysia in its current name since 1973 and prior to that in the name of Lam Soon Oil and Soap Manufacturing Sdn Bhd.

[3] The applicant is the owner of the trademark "NATUREL" (hereinafter referred to as the "said trade mark") included in Class 29 products within the applicant's range of products bearing Registration No. 91008179.

[4] The applicant has been using the said trademark on its products since the late 1980's. The sales volume and promotional and advertising expenditure of the said trademark are clearly demonstrated in its supporting affidavit.

[5] The respondent is the registered proprietor of the trademark "NATURELL" (hereinafter referred to as the "respondent's trade mark") registered under Class 30 bearing Registration No. 97012526.

[6] The applicant, in its attempt to extend and market the use of its trade Mark to include Class 30 products was unsuccessful when its application to register the "Naturel & Device" trade mark was objected, *inter alia*, on the basis that the mark is identical or confusingly similar to the respondent's trade mark, and as such, contrary to s. 14(1)(a), s. 19(1) and s. 19(2) of the Act. The applicant filed a written submission against the examiner's objection on 29 September 2008 and is pending the examiner's decision.

[7] The respondent's trademark "NATURELL" registered under Class 30 bearing Registration No. 97012526 since 4 September 1997 is the subject matter, which was relied on by the examiner in raising an objection to the applicant's application.

[8] Now, the main basis for the applicant in filing this application is due to the non-use by the respondent for any of the respondent's products under the Class 30 range of products.

[9] The first question for determination is whether the applicant is a person aggrieved by the respondent's trademark "NATURELL". Learned counsel for the respondent argued that the applicant did not have the *locus standi* to file the present action, as the applicant was not a "person aggrieved" within s. 46(1) of the Act. He referred to the judgment of the Federal Court in *McLaren International Limited v. Lim Yat Meen* [2009] 4 CLJ 749. He argued that since the decision of the Federal Court, "persons aggrieved" was given a more stringent approach. It is true in that case, the Federal Court held that it could not be right the mere filing of its application can confer the necessary *locus standi* on the applicant for rectifying proceedings. However, the facts in the present case are somewhat different. The applicant has a registered mark "NATUREL" and there has been substantial use of this mark by the applicant in Class 29 products. There is goodwill in the applicant's Class 29 "NATUREL" mark. With the intention to market different products using the applicant's "NATUREL" mark, the applicant had embarked on registering its intended mark in Class 30. The applicant had taken preparatory steps and made the application to register the intended mark. Therefore, the case of *McLaren International Limited v. Lim Yat Meen* is distinguishable and not applicable on the facts in the present case. In my view, the applicant on the facts of the present case is clearly an aggrieved person as it is substantially interested in having the mark removed.

[10] Next, it is the contention of the applicant that there has in fact been non-use by the respondent of the NATURELL mark in good faith in relation to the goods for a continuous period of not less than three years up to 16 March 2009, ie, one month before institution of this proceeding. In this regard, the onus is on the applicant to establish a *prima facie* case of non-use of the NATURELL mark in Malaysia before the evidential burden would shift to the respondent to adduce evidence of such use (see: *NV Sumatra Tobacco Trading Co. v. Nanyang Brothers Tobacco Co. Ltd.* [2001] 1 SLR 197, *E-Toyo Global Stationary Sdn Bhd v. Toyo Ink Sdn Bhd & Anor* [2004] 7 CLJ 368).

[11] To establish non-use the applicant relies on the reports by AC Nielsen Malaysia and the Nielsen Company Malaysia. In my view, the reports are not reliable on the ground that the applicant has failed to show that the reports have complied with the "minimum criteria" governing admissibility of such evidence. The Court of Appeal in *Lim Yew Sing v. Hummel International Sports & Leisure A/S* [1996] 4 CLJ 784 held that survey evidence must meet certain minimum requirements. Mahadev Shankar, JCA said at p. 805:

> To the various reasons given earlier as to why the survey was of no assistance in this case there must now be added another. Even if authorship had been properly proved, survey evidence – to have validity – must meet certain minimum criteria which have been spelt out in *Imperial Group PLC & Another v. Philip Morris Limited & Another* [1984] RFC 293. In the instant case, the required criteria had not been met.

[12] The "minimum criteria" referred to by the Court of Appeal in *Lim Yew Sing (supra)* as laid down in *Imperial Group PLC & Another v. Philip Morris Limited & Another* [1984] RPC 293 are as follows:

(a) the interviewees must be selected so as to represent a relevant cross-section of the public;

(b) The size must be statistically significant;

(c) It must be conducted fairly;

(d) All the surveys carried out must be disclosed including the number carried out, how they were conducted, and the total number of persons involved;

(e) The totality of the answers given must be disclosed and made available to the defendant;

(f) The questions must not be leading nor should they lead the person answering into a field of speculation he would never have embarked upon had the question not been put;

(g) The exact answers and not some abbreviated from must be recorded;

(h) The instructions to the interviewers as to how to carry out the survey must be disclosed; and

(i) Where the answers are coded for computer input, the coding instructions must be disclosed.

[13] In this regard, I agree with the submission of learned counsel for the respondent that although the survey evidence in *Lim Yew Sing (supra)* was in relation to establishing confusion in the market, the minimum criteria should be applicable to survey evidence to purportedly showing non-use of a mark under s. 46(1)(b) of the Act.

[14] The applicant commenced the present action on 16 April 2009. For that reason, the relevant non-use period under s. 46(1)(b) of the Act is from 16 March 2006 to 16 March 2009. In my view, the reports clearly do not comply with the minimum criteria set out in *Imperial Group (supra)* and they fall way short of establishing a *prima facie* case of non-use of the respondent's NATURELL mark for the following reasons:

(a) The first report – the period of non-use from February to 16 March 2009 was not covered by the first report. The letter from AC Nielsen Malaysia dated 20 March 2009 states that there was no use of the "NATURELL" mark on "Biscuit category" from February/March 2006 to December 2008/January 2009. The previously mentioned dates show that the report compiled by AC Nielsen Malaysia and assertion in encl. 2 are not reflective of the factual position or state of affairs at the time of the commencement of this proceeding. In the case of *Lim Yew Sing (supra)*, Mahadev Shankar, JCA said at p. 793:

> Generally, let it be said that if a survey is to be of any use, it must fairly reflect the factual position **at the time** the application to expunge is made.

A (b) The second report is fundamentally flawed for the reason that it does not cover the whole of Malaysia. The report is not statistically significant, as it does not represent the cross-section of the public in Malaysia as opposed to Peninsula Malaysia only.

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(c) There is no evidence the data compiled by The Nielson Company Malaysia and/or AC Nielsen Malaysia have been accepted as authoritative source of information or data by the court in Malaysia;

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(d) There is no attempt on the applicant's part to introduce the background and brief credentials of the Nielsen Company Malaysia and AC Nielsen Malaysia;

(e) There is no evidence on how the report was derived or data was
D collected from;

(f) There is no evidence on the number, names and locations of supermarkets, hypermarkets, retail outlets, convenience stores and provisions stores etc from which the data has been
E collected;

(g) There is no evidence that the said alleged data was collated from the outlets, which constitute a cross section of the relevant trade in Malaysia.

F (h) The data appeared to be coded for computer input. However, the coding instructions were not disclosed.

[15] Based on all the previously mentioned reasons, I am of the view that the applicant has failed to establish a *prima facie* case of
G non-use in good faith of the NATURELL mark in Malaysia. In such circumstances, the present application must be dismissed without requiring the respondents to adduce evidence of use. This proposition is encapsulated in the following passage in the judgment of Ramly Ali, J (as he then was) in *E-Toyo Global Stationery Sdn Bhd*
H *(supra)* at p. 381:

> If the applicant fails to establish such *prima facie* case of 'non-use' of the trade mark, there would be no requirement for the Registered Proprietor (the 1st respondent) to show that it had used the mark in question during the relevant period.

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[16] In any event, the respondent has adduced sufficient evidence to show that there is use in good faith of the NATURELL mark during the relevant three-year period from 16 March 2006 to 16 March 2009 in that the respondent had undertaken active and substantial steps prior to or in or about 16 March 2009. In this respect, I would like to refer *HERMES Trade Marks* [1982] RPC 425 at p. 426, where it was held that:

> (ii) The phrase "in the course of trade" is wide enough to cover the steps necessary for the production of goods as well as their actual placing on the market. By the October 1976 orders, the respondents were taking positive steps to acquire goods to be marketed *bona fide* under the mark.
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> ... (3) If a decision as to the exercise of discretion were required, it would be in the respondent' favour because
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> (a) they had, on unchallenged evidence, not abandoned their mark but had taken steps, unprompted by these proceedings, to revive it;
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> (b) they had, on the evidence, some residual reputation in the mark;
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> (c) they had sold HERMES watches since the end of the 5-year period in continuation of a course of conduct begun during it;
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> (d) the applicants' association with the unregistered mark "Hermes" was not widely recognized and their sales were in any event conceded to be infringing.

[17] It is observed at p. 426 that:

> If the registered proprietor should commence a series of advertisements featuring his mark as part of an introductory campaign, prior to putting his goods on the market under the mark, but before they were actually on the market, in my judgment such use would clearly be use of the mark in the course of trade, not upon the goods or in physical relation thereto, but it would be in other relation thereto, the point being that it would be use in the course of trade in those goods, *albeit* in advertisement.

A **[18]** The evidence of use adduced by the respondent can be summarized as follows. First, the respondent has been awarded Monde Selection Gold Medal in 1997. Second, the respondent has been advertising and promoting biscuits bearing the "NATURELL" mark continuously since 2006. Third, the respondent has obtained
B Halal Certification for, *inter alia*, "NATURELL" biscuits since November 2006 and has renewed the certifications. Fourth, the respondent has also advertised its range of products including the "NATURELL" BISCUITS in Buletin Perdana in January 2005. Fifth, the respondent has also advertised its range of products
C including the "NATURELL" biscuits in its product brochure during the past few years.

[19] Evidently, the respondent has continuously conducted development and research as well as collating information relating to
D the range of "healthy biscuits" ("NATURELL" biscuit falls under this range) during the past few years. Manufacturing and sales of "NATURELL" biscuits stopped temporarily due to drop in demand for "hi-calcium" range of biscuits because of shift in consumer taste and behaviour. Therefore, it was necessary for the respondent to
E continue to do research and development as well as collating information on consumer taste and behavior before the prelaunch "NATURELL". The respondent has carried out preparatory steps for the re-launch of "NATURELL" biscuit before the commencement of this action on 16 April 2009 and before the
F proceedings herein were served on the respondent on 22 May 2009. The respondent has also explained that it has done all the necessary steps including finalization of packaging artwork, and raw materials and ingredients for the manufacturing for "NATURELL" biscuit, before the respondent had knowledge of this action. The
G respondent has also started sale of "NATURELL" biscuit. In this regard, I wish to refer to the Federal Court of Australia decision in *New South Wales Dairy Corporation v. Murray Goulburn Co-Operative Company Ltd and Another* [1988-1989] 14 IPR 26. On the issue of whether the trademark sought to be expunged was in use during
H the relevant period, Gummow, J referred to the definition of "trade mark" and "use of a mark" in s. 6(1) and 6(2) of the Australian Trade Marks Act 1955 respectively (in *pari materia* with s. 3(1) and 3(2) of our Act), and said at p. 44:

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> The use must be as a "trade mark", given the definition of that term in s. 6(1) as a meaning, relevantly, a mark used or proposed to be used in relation to goods for the purpose of indicating or so as to indicate a connection in the course of trade between the goods and the proprietor, whether with or without an indication of the identity of that person. The expression "use" in s. 23 (in *pari materia* with Section 46 of our Act) must be understood in that context, but its denotation is not limited by any concept of the physical use of a tangible object: *Estex Clothing Manufacturers Pty Ltd v. Ellis & Goldstein Ltd, supra*, at 271 per Barwick CJ, McTiernan, Taylor, Owen JJ. The phrase "in the course of trade" is wide enough to cover steps necessary for the production of the goods, as well as the actual placement of the goods on the market: *"Hermes" Trade Mark* [1982] RPC 425 at 432.

[20] In the present case, the respondent has explained that it has been continuously conducting development and research as well as collating information relating to the range of "healthy biscuits" and had carried out considerable preparatory steps for the re-launch "NATURELL" biscuit many months before the commencement of the proceedings herein and before the proceedings was brought to the attention of the respondent in late May this year. The respondent has been selling its products in approximately 10,000 traditional retail outlets throughout the years. Approximately 70% of the respondent's products were and are being sold in the traditional retail outlets such as supermarkets, mini markets, convenience stores, grocery shops, provisional shops and medical halls. The respondent would invariably launch and sell its products in the traditional retail outlets first. A number of the respondent's products are presently being sold in hypermarkets such as Tesco, Carrefour and Giant.

[21] Applying the principles in *Hermes (supra)* and *New South Wales Dairy Corporation* to the facts of the present case, in my view it is clear that there has been sufficient use of NATURELL mark by the respondent in respect of the said goods during the relevant period and the respondent has not abandoned use of the "NATURELL" mark in respect of the goods under Registration No. 97012526.

A **[22]** Therefore, the application to expunge and to remove the Malaysian Trade Mark Registration No. 97012526 for "NATURELL" in Class 30 from the Register of Trade Marks is dismissed with costs.

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